# FOREIGN AGRICULTURE

April 28, 1975

ining wheat, Morocco.

## U.S. Apple Sales to Europe

## Morocco Has Poor Grain Harvest



Foreign
Agricultural
Service
U.S. DEPARTMENT
OF AGRICULTURE

**FOREIGN AGRICULTURE**

Vol. XIII • No. 17 • April 28, 1975

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Moroccan farmers discuss fertilizer use in wheat production with agricultural extension worker. Mainly because of lack of rain, Morocco's grain harvests in 1975 may be the poorest in 30 years, necessitating imports of up to 2 million tons of wheat. See article on page 8.



The Secretary of Agriculture has determined that publication of this periodical is necessary in the transaction of public business required by law of this Department. Use of funds for printing *Foreign Agriculture* has been approved by the Director, Office of Management and Budget through June 30, 1979. Yearly subscription rate: $34.35 domestic, $42.95 foreign; single copies 70 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402. Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.

# Cuba's Trade Horizons Widen As Diplomatic Ties Expand

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After more than a decade of dealing almost exclusively with other Communist nations, principally the USSR, Cuba has begun broadening its role in world trade, including trade in farm products.

This change—reflecting a growing receptiveness by other nations toward Cuba as a trading partner and Cuba's own desire to enlarge its outside contacts—has involved some major economies in the developed world.

Japan, for instance, which has been the second largest importer of Cuban sugar since 1968, next to the USSR, doubled its exports to Cuba last year. Canada, which has been supplying wheat and flour to Cuba since 1963, expanded its exports to Cuba in 1974 by 77 percent over those of 1973. Other nations—such as Spain and Argentina—have been making special bilateral arrangement for the shipment of farm and other products.

A pact between Cuba and France on trade, and economic and technical cooperation was negotiated in 1974, in which the French pledged to help Cuba in its agricultural and industrial development. A British trade mission has released an extensive report highlighting opportunities in Cuba. Also, diplomati relations with West Germany were re cently restored.

At the same time, there have bee rapid extension and renewal of diplo matic relations with Cuba by countrie in Africa and Asia. Cuba now has rel tions with most Latin American nation Canada, and all of Western Europe (ex cept Ireland).

One factor behind this change Cuba's need for increased outside a sistance if it is to realize economic de velopment goals. Its 1976-80 plan, fo instance, costing an estimated $3 billio annually, calls for obtaining credits an advanced technologies from the USS and other Communist nations, as well other developed countries. In the pa decade Cuba has depended almost en tirely on the USSR for such econom assistance.

Then too, Cuba's appeal as a tradir partner probably has been enhanced b the recent record high price of suga Cuba's sugar exports of around 5 mi lion tons last year—while they did n fully benefit from the highest worl market prices—nevertheless did increa Cuba's foreign exchange reserves sul stantially.

*Cuban sugarcane is harvested by equipment that was probably imported from the Soviet Union.*

## Cuba's Farm Output Gained Modestly in 1974

Despite 2 years of dry weather, Cuba's farm production rose slightly in 1974, with most major crops either advancing or holding at 1973 levels. Raw sugar production from the 1973-74 processing season reached 5.8 million tons, up 10 percent from the level of the previous year's campaign. Sugar output from the 1974-75 season ending now is estimated at 5.5 million tons.

The 1973-74 campaign was the first since vertical integration of all segments of the sugar industry—from production to transporting and exporting—and the extension of more authority to trained cadres. Apparently, these changes eliminated some of the past problems with coordination and timing of cane cutting and transport to the mills—problems that have no doubt contributed to the wide fluctuations in Cuban sugarcane output.

In addition, sugarmills were reportedly used to fuller capacity, cane plantings were more uniform than in previous years, and 18-20 percent of cane area was harvested with cane combines.

Despite such changes, sugar production in 1974-75 will be off, with continuing dry weather reportedly the main factor behind an expected 300,000-ton drop in output to 5.5 million tons. However, even this is comparable to average annual output in the 1950's and 1960's.

Reports of continuing dry conditions in Cuba were among the factors behind the upward spiral in world sugar prices last year, when the world raw spot price peaked at a record of 57.15 cents per pound in November 1974 before beginning its recent decline.

Tobacco production has been increasing in recent years, with output in 1974 rising about 10 percent to an estimated 50,000 tons. This growth has probably been aided by use of a new higher-yielding variety called C-30 and—recently—by a switch from a wage system to a piece rate for paying tobacco workers.

About 80 percent of the tobacco crop is produced on private farms.

Among the staples, rice is one of Cuba's best performers, with output rising from 350,000 tons unmilled in 1972 to an estimated 400,000 in 1974. Extensive investment has fostered this growth, bringing such changes as expansion of irrigation to most of the rice area, increased mechanical cultivation and harvesting (including use of airplanes for seeding, fumigating, and fertilizing), and research in seed development and disease prevention. The aim is to increase output to the point where rice imports—currently totaling over 200,000 tons annually—can be reduced.

Long-cycle food crops grown on unirrigated lands were reportedly hard hit by drought last year, with losses in plantains, squash, and cassava (yucca). However, "voluminous" harvests were reported for potatoes and certain other vegetables produced on irrigated lands. As a result, 874,000 tons of root and vegetable crops were harvested in 1974 out of a goal of 920,000—a record for the present Cuban Government. Private farmers accounted for about half of this output.

The record output was attributed to better organization of workers; low temperatures and moderate rainfall; and the use of more suitable lands, seeds, and varieties.

As a result of the large crops, certain vegetables became available, at least temporarily, on an unrationed basis, and per capita consumption was reportedly the highest in recent years.

Production of milk in 1974 reached an estimated 585,000 tons, compared with 579,000 in 1973; however, beef production was static in 1974 after a 13 percent decline in 1973, as attempts were made to rebuild herds. In contrast, pork production rose to an estimated 44,000 tons in 1973 from 37,000 in 1972 and probably at least held steady through 1974.

Egg output has been in a dramatic upward trend in the last decade, hitting 1.585 billion eggs in 1973 and targeted at 1.6 billion for 1974. Poultry meat output also rose in 1973, to 35,000 tons (liveweight) and was targeted at 40,700 tons for 1974.

Meanwhile, the Organization of American States (OAS) is preparing for its General Assembly meeting, scheduled to take place in Washington, D.C. on May 8. Here, members are expected to consider repealing the economic and political sanctions imposed against Cuba in 1964. Last year, repeal of the sanctions was defeated, with the United States abstaining in a vote that saw over half the countries in favor of lifting them. Since a two-thirds majority was required, the motion failed. However, the rules have been changed in 1975, so that only a simple majority will be necessary.

Concerning the U.S. position on repeal, Secretary of State Henry Kissinger said on March 1, 1975, "If the OAS sanctions are eventually repealed, the United States will consider changes in its bilateral relations with Cuba and in its regulations. Our decision will be based on what we consider to be in our own best interest and will be heavily influenced by the external policies of the Cuban Government. We see no virtue in perpetual antagonism between the United States and Cuba."

The Secretary added, "Fundamental change cannot come, however, unless Cuba demonstrates a readiness to assume the mutuality of obligation and regard upon which a new relationship must be founded."

Repeal of the sanctions could accelerate the trade enlargement already evident last year. Japan's exports to Cuba in 1974, for example, amounted to about $200 million and its imports from Cuba—largely sugar—were about $475 million. Two-way trade was more than double that of 1973. In addition, Japan will finance the export of refrigeration equipment and a chemical plant to Cuba in 1975—the first such deal since 1959. Discussions have been under way on a possible long-term sugar trade agreement between the two countries.

Canadian exports to Cuba in 1974 hit $144.6 million—a 77 percent gain over 1973's—the major agricultural items were wheat and wheat flour, $69.1 million; tallow, $5.8 million; and purebred cattle, $2 million. In turn, Canada imported $76.3 million worth of Cuban products in 1974 and is seen upping this to $85 million in 1975.

At the beginning of 1975, Canada also announced a 3-year $10-million line of credit for Cuba and a $2.7-million grant for technical assistance. The low-interest credit will be used to buy

materials for the public health services, an animal health laboratory, and the pharmaceutical industry. The grant will finance a study of the citrus and pineapple industry, training of personnel in animal research, and other projects.

Spanish-Cuban trade was expected to reach $400 million in 1974 and will expand further under a 3-year agreement concluded in December 1974. In fact, it is envisaged that the value of trade will more than double in 1975, to a record $900 million.

So far, this expanding trade with developed nations does not appear to have altered greatly Cuba's strong trade ties with Communist nations. In 1973, these nations accounted for 65 percent of Cuba's exports and 72 percent of its imports for a trade total of $2.1 billion.

THE BULK of this, of course, has been with the USSR, which in 1973 shipped $916.9 million [1] worth of products to Cuba while importing $581.2 million. Total two-way trade was slated to reach $1.716 billion in 1974 and $2.780 billion in 1975.

Among the individual agricultural exports, sugar is by far Cuba's most important, with a 1974 export volume estimated at about 5 million tons, compared with 4.8 million the year before. While some 1.9 million tons of these went to the USSR, Japan imported an impressive 1.2 million tons. Other markets last year were Eastern Europe, buying about 850,000 tons; Canada, 100,000; and the PRC, 350,000-400,000.

Last year, world market prices for sugar averaged a record 30 cents per pound ($661.38 per metric ton). However, Cuba apparently received only 11 cents per pound for sugar shipped to the USSR in the first part of the year, in accordance with an agreement signed in December 1972. The USSR is reported to have begun paying Cuba about 20 cents per pound ($440.92 per ton) in August 1974—a change that may have included a retroactive clause. Other East European countries probably followed suit.

The average unit value of sugar exported to Japan in 1974 was also well below the peak, totaling around 16 cents per pound, or $356 per ton.

To help bolster sugar exports during the period of high world market prices, Cuban citizens at the outset of the 1974-75 sugar campaign were encouraged to donate part of their rations—one pound per month per person—for a year. These donations, expected to amount to 50,000 tons, should cause little hardship for the Cubans, who appear to be among the world's biggest consumers of sugar per capita.

The donation also is aimed at minimizing losses from the expected lower sugar outturn this year, which was reduced by dry weather conditions, but is nevertheless expected to reach about 5.5 million tons. Exports in 1975 will therefore probably remain near last year's level of 5 million tons. But while sugar shipments may not change much, market share will. Spain, for instance, is slated to buy 275,000 tons of Cuban sugar in 1975, compared with 100,514 tons in the first half of 1974. Cuba hopes to double sugar exports to Canada this year, to around 200,000 tons.

Cuban tobacco exports in 1974 are estimated at 15,000 tons of leaf, about the same as exports in 1973, with the largest share going to Western markets. Spain—the top buyer of Cuban unmanufactured tobacco—imported 5.800 tons, valued at $3.6 million, in the first 6 month of 1974, while Canada imported 440 tons of stemmed and unstemmed cigar leaf, valued at $853,000 in January-October 1974. In addition, Japan purchased 50 tons of unstripped tobacco leaf, valued at $174.000, plus 160,000 cigars, at $60,000, in 1974.

On the import side, grains are far the most important product in a trade that two decades ago made Cuba the leading Latin American market for U.S. farm products. U.S. agricultural shipments there averaged $137 million a year between 1956 and 1959 and then virtually ceased by 1961 following the advent of the Castro Government.[2]

Today, the grain import trade is d vided between three countries—Canad Argentina, the People's Republic c China—and totals over 1 million tor annually. Last year that trade amounte to some 1.2 million tons, grain equiva lent.

Canada last year supplied virtuall all the 726,000 tons of wheat and flou (wheat equivalent) imported by Cub This was valued at nearly $70 millior and was presumably financed by th USSR. About the same level of whea imports is seen for 1975.

Argentina accounted for the bulk c Cuba's 1974 corn imports, which mor than doubled the 1973 level to reac 250,000 tons; part or all of this trade however, was also financed by th USSR. Another 221,000 tons is schec uled for shipment from Argentina i 1975 under terms of an agreemer signed in December 1974.

FINALLY, the People's Republic c China shipped an estimated 220,00 tons of milled rice to Cuba during 197 —about the same as in the previou year. A similar level of imports is see for 1975, although the long-term out look is for decreased purchases i Cuban domestic output expands furthe as planned.

Other sizable Cuban imports are bee and veal, which totaled around 26,00 tons in 1974, and cotton, estimated a 19,000 tons. Cuba also purchased 8.00 tons of Danish broilers, valued at $1. million in 1974, plus an addition 6,000 tons in the first quarter of 197 In addition, Canada supplied 5,860 ton of chicken meat, valued at $7 millior during January-October 1974.

[1] **Including $79.1 million worth of Canadian-origin grain, paid on Soviet account. Canadian trade statistics also show this as a Canadian export.**

[2] **For more information on past U.S trade with Cuba, see *Foreign Agricultur* May 29, 1974.**

CUBA: ESTIMATED PRODUCTION OF SELECTED FARM PRODUCTS
[In 1,000 metric tons]

| Item | 1972 | 1973 | 197 |
|---|---|---|---|
| Rice, rough | 350 | 375 | 40 |
| Beans, dry | 23 | 23 | 2 |
| Tobacco | 40 | 45 | 5 |
| Cassava | 30 | 30 | 2 |
| Sugar, raw | 4,388 | 5,250 | 5,80 |
| Bananas | 50 | 50 | 4 |
| Coffee | 29 | 29 | 2 |
| Beef and veal [1] | 186 | 162 | 16 |
| Pork [1] | 37 | 44 | 4 |
| Milk | 540 | 579 | 58 |

[1] Dressed carcass weight.

Source: Based on FAO Production Yearkook, 1972, *Granma*, January 9, 1974, FA Rice Trade Intelligence, and FAS.

# U.S. Meat Imports Estimated Higher, Voluntary Curbs Due

By FOREIGN COMMODITY ANALYSIS
*Dairy, Livestock, and Poultry*
*Foreign Agricultural Service*

As U.S. negotiations with meat-supplying countries to voluntarily curb their exports near completion, USDA has increased its estimate of 1975 meat imports subject to the Meat Import Law (P.L. 88-482) to 1.18 billion pounds. The new estimate, which was released on March 31, was revised upward as the voluntary restraint program became more clear, and is 30 million pounds above USDA's first estimate of 1.15 billion pounds made December 31.

In the absence of the restraint program, however, USDA has estimated imports of meat under the Law above the point that would trigger import quotas.

The program of voluntarily limiting imports is aimed mainly at protecting the U.S. market from excessive foreign supplies of meat, chiefly beef. The United States is currently the only significant world market open to meat-exporting countries. Although U.S. beef prices are not very encouraging for imports, they may look better as 1975 goes on, especially since most other importing countries are closed to imports and beef output in exporting countries is continuing to build.

Even if negotiation of the voluntary curbs proves unsuccessful, the United States still has an ace in the hole. The U.S. Meat Import Law, in effect since 1964, provides for quotas to be imposed on meat imports if estimated yearly imports equal or exceed 110 percent of an adjusted base quantity. The law permits imports of covered meat, which are largely of frozen boneless beef for further processing, to rise in proportion to increases in U.S. production, computed from a 1959-63 base.

For 1975, the base quantity, as set by this formula, is 1,074.3 million pounds, product weight. Adding 10 percent overage, the actual point at which the President may take action under the Law to limit imports is 1,181.7 million pounds.

The estimate of U.S. meat imports covered by the Law is reviewed and revised quarterly. If imports are estimated above the trigger point, the President must invoke quotas. He may not, however, reduce imports permitted below a certain level—this year 1,074.3 million pounds.

Last year, U.S. meat imports subject to the law were sharply below 1973's and were well under the quota triggering point. This year, however, the pace of imports has quickened as trade restrictions elsewhere have made themselves felt. For the first 2 months of 1975, for example, imports rose to 233 million pounds—32.6 million more than was imported in these months last year. Any price improvement from present levels will, of course, encourage still more imports.

Although U.S. livestock producers, plagued by financial problems, have urged the imposition of quotas, the President has decided to try to negotiate voluntary agreements with supplying countries for a number of reasons. Most important, this approach is expected to make it easier for the United States to negotiate reductions in barriers to overseas sales of U.S. farm products. Import quotas, by contrast, could be detrimental to both U.S. agricultural exports and the U.S. economy as a whole.

Further, the difference between the quantity of imports under voluntary restraints and the quota level is minor. The difference amounts to only about three-quarters of a pound of meat, carcass weight basis, for each U.S. consumer, compared with the total 230 pounds of meat he is expected to consume in 1975. This slight difference is expected to have only a negligible impact on U.S. livestock and meat prices.

Most beef imported into the United States is of manufacturing quality for use in hamburgers or for further processing. As such, imports compete directly with culled cows or animals fed on grass or silage, rather than higher quality beef grain-finished in feedlots. Because of higher U.S. prices of feed ingredients, slaughter of nonfed animals has grown dramatically over the past year and a half.

As a result of this increase in production, combined with the current economic downturn, imported beef prices have been pressured down. At end-March, however, imported manufacturing beef prices improved to about 55 cents a pound, about the same as at the beginning of the year, but down by 24 cents from those of a year ago.

Heavy U.S. slaughter of cows, as well as of nonfed steers and heifers, that is forecast for 1975 will tend to hold imported beef prices down. For the year, a 20 percent increase in U.S. cow slaughter is expected, which will come on top of a 20 percent rise recorded in 1974.

The world outlook for beef production and trade has not improved much since USDA made its first import estimate in January (See *Foreign Agriculture*, January 27, 1975). It still reflects building supplies and static demand.

World demand for beef and veal is expected to improve slightly in 1975, but any significant change will probably have to wait until 1976. Per capita beef consumption in Japan and the European Community—key importing areas—is likely to be about the same as in 1974. Needs will likely be met through domestic production and imports will be small. The EC expects a rise in pork production that will also tend to dampen beef demand.

Two new developments have occurred, however, that seem to indicate that the import barriers that are an important cause of the supply buildups in exporting countries may be easing.

The European Community, which has banned fresh, chilled, and frozen beef and veal imports since July 1974, is reportedly giving thought to allowing imports of 100,000 metric tons in 1975, provided that an equal quantity of beef is exported without subsidy.

Japan announced on March 18 an import quota of 2,400 tons of beef for consumption in Okinawa. This is the first time Japan has issued beef import quotas since February of last year, when 40,000 metric tons of a previously issued 90,000-ton quota were suspended.

On March 13, Japan also suspended duties on pork imports until the end of

Continued on page 16

# U.S. Apple Sales to Europe Grow This Year; Face Uncertain Future

[Markets]

By FOREIGN COMMODITY ANALYSIS
*Fruit and Vegetable*
*Foreign Agricultural Service*

A 20 PERCENT drop in Western Europe's 1974 apple crop has given U.S. apple exporters some relief from intense competitive pressure and hope for a sales gain this season in the important European market. But beyond 1974-75, the going may become rough, as old supply-demand problems return and new ones take hold.

The basic difficulty in the European—and world—apple market is long-term production growth at a time when high prices and shrinking consumer purchasing power are curtailing consumption. These problems are further compounded by high freight rates and the use by some countries of export subsidies to move excess supplies. And in the background lurk new threats posed by expanding export potential in Spain, Greece, and other little-known suppliers, plus France's invasion of the British apple market, where U.S. apples once dominated.

Despite such difficulties, which were significantly diminished by a 20 percent decrease in the European crop, U.S. apple exports to Europe through January of the current marketing year (July-June) rose 38 percent to 518,262 cartons (42 lb). Much of the European production drop came in France, Italy, and West Germany—the principal European apple suppliers—where crops last year fell 21, 10, and 41 percent, respectively. These declines, in turn, reduced total European Community production 23 percent to 5.5 million tons.

Another EC member with a smaller crop was the United Kingdom. Here, dessert apple production last year fell 25 percent to 214,000 long tons, and output of Cox apples—the variety normally in greatest demand during the holiday season—plunged 38 percent.

These smaller U.K. crops, together with higher marketing costs, have pushed up domestic prices and temporarily spurred U.K. apple imports, including those from the United States. As a result, U.S. apple sales to the United Kingdom in July-February were quadruple those in the 1973 period, and the market will probably remain strong during the rest of 1974-75.

In the future, however, the United States will probably lose ground in the United Kingdom as France and other EC exporters take over much of the traditional U.S. market shares—a shift that has been underway for some time but accelerated in 1973 when the United Kingdom joined the European Community. Five years ago, for instance, France supplied only one-quarter of U.K. apple imports; last year, the figure was 50 percent. At the same time, another EC exporter—Italy—had increased its share of the market to 10 percent.

U.K. producers also have suffered from the intense intra-EC competition, prompting the Government to initiate a special payment scheme. Under this scheme, payments are made to commercial growers of apples and pears who encounter difficulties as a result of competition from other EC growers.

While the United States is making short-term gains in the United Kingdom, it is losing ground in Scandinavia—another traditionally important market.

NORWAY, for instance, is expected to purchase only a fourth as much in 1974-75 as it did in 1973-74—expectations partly borne out by a 33 percent drop in U.S. sales there through February of the current season. Behind the decline is a 58 percent increase in Norway's 1974 apple crop, plus the high landed price of U.S. fruit vis-a-vis European apples, which often benefit from export subsidies as well as normally lower transportation costs. Hence, while quotes for U.S. apples vary from 28 to 34 U.S. cents per pound, c.i.f. Norway, European varieties are going for 21-24 cents. Canada also is at a competitive disadvantage, with its apples currently offered at more than 34 cents per pound

In contrast to the production surg last year—and general uptrend in worl output—Norwegian domestic consump tion of apples is rising only slowly. An what growth is taking place is comin largely because of Government-assiste sales drives. These drives—aimed pr marily at encouraging consumption c domestic fruit—are financed by a percent levy on ex-farm sales of frui and vegetables.

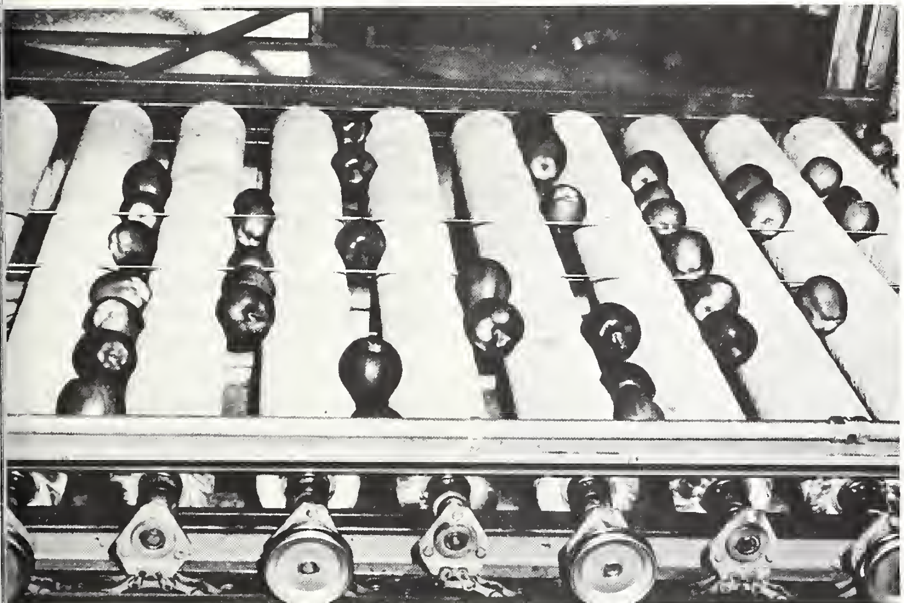
The growers' marketing cooperativ Gartnerhallen A/L, handles about ha Norway's domestic production and also the largest importer of fruit.

The United States has seen a sligh increase in its apple shipments t Sweden, normally the second large European market for U.S. apples, ac counting for about one-fifth of tot U.S. apple sales there. The 3 percen increase to 96,316 cartons (42 lb) i the first 7 months of 1974-75—come in part from a 20 percent drop i Sweden's own apple harvest. The gai was tempered by a 30-40 percent in crease in domestic prices and a resul ing dip in apple consumption. The us of subsidies by EC and other exporte on their apple shipments further cu tailed U.S. sales.

> *"While the United States is making short-term gains in the United Kingdom, it is losing ground in Scandinavia—another traditionally important market."*

The French have been particular aggressive in their sales efforts Sweden and other Scandinavian marke over the last decade: Ten years ag France shipped only 38,051 tons apples to Scandinavia; by 1973-74 th figure had skyrocketed to 640,000 ton The French have been helped in th drive by the EC's frequent authorizatic of export subsidies on apples—subsidi which currently amount to about 70- cents per carton of apples.

This year, of course, French expor will be down as a result of the 21 pe cent drop in the country's apple cro However, historically exports have flu tuated much less than production, a this could again be the case in 1974-7



*Left, a U.S. apple orchard with dwarf varieties in the background and trellised ones in foreground. Below, U.S. apples are given a final finish before being packed and shipped—possibly to European markets.*

Among other traditional EC export- rs, such as Italy and Denmark, there ias been a marked increase in export nterest, despite reduced crops. The Danes, for instance, have been hard ressed to find sufficient outlets for vailable supplies, even though their pple acreage is static and output ac- ually fell 6 percent last year to 75,000 ons. This supply problem is seen be- oming more acute as tariff levels are radually lowered for other EC mem- ers—enhancing their competitive posi- ion in the Danish market—and if apple onsumption continues to fall in line vith shrinking purchasing power. East Germany and Finland are the main ex- ort markets for Danish apples.

Outside the EC, competitive problems are also brewing. Spain had a 1974 apple crop of 944,000 tons—7 percent below the 1973 crop but 2.5 times the 1969 harvest. This gain of the last few years has not only eliminated a once-important export market for France, but has also made Spain a major competitor for France, and other exporters as well.

Moreover, while a 7 percent drop in Spain's crop last fall should have caused a slowing of its recent export spurt, 1974 figures show a 20 percent gain in the first 9 months. The Government's "transportation" subsidy, export payments insurance coverage, and a 1.5 percent tax refund have helped to boost exports. One indicator of Spain's growing export interest is the new railroad freight terminal recently built in the United Kingdom with Spanish money.

Yugoslavia and Greece also have boosted apple tree plantings and are anticipating production and trade expansion.

In Yugoslavia, the apple crop last year was down 17 percent, crimping any immediate export plans, but a long-term upward production trend is predicted. In anticipation of this development, several large Yugoslav companies have already begun stepping up their fruit marketing efforts in Western Europe.

Greece's crop also was off in 1974—by some 16 percent—but its 1974-75 apple exports are estimated at 2,000 tons. This is almost double the relatively low volume of 1973-74.

Any increase in exports from these two suppliers will further intensify U.S. competition in Europe, especially since their transportation costs are lower than those for the United States.

The traditional European exporters of apple juice are Austria and Switzerland. But their markets are currently very weak, in contrast with the strengthening this year of the fresh apple markets following the short European harvests. This weakness—which has depressed sales for both Austria and Switzerland—is ascribed to a worldwide surplus of fruit juices in the face of continuing high prices from increased raw-material and input costs.

Austrian juice manufacturers, especially, are pessimistic over future business prospects. They feel that without effective Government "export aids," they will not be able to consolidate, or even retain, foreign market positions. As a result of the bleak outlook, some smaller Austrian firms have already dropped out of the picture.

The Swiss had a 47 percent drop in production of cider apples in 1973-74. But this had little effect on an industry swamped with excess stocks of fruit juice concentrates.

In addition to their apple juice production and trade, Austria and Switzerland rank as importers of dessert apples. These imports are subject to seasonal bans and quantitative restrictions and come mainly from Italy and South Africa. Each country also has de-emphasized expansion of intensive (dwarf) dessert apple plantings, since it would be difficult to find markets for any expanded output.

# Morocco's 1975 Grain Harvests May Be Poorest in 30 Years

Morocco's harvests of bread wheat, Durum, and barley may be the poorest in 30 years, necessitating imports of 1.5-2 million tons of wheat. The 1975 corn crop, however, may be up if spring rainfall is normal.

Production of oilseeds in 1975 is expected to be about 38,000 tons—only slightly below the 1974 level. Guaranteed prices for soybeans, rapeseed, and safflower seed are up over 1974 levels, and although the Government is providing some priority to oilseed production, outturns of oilseeds appear, to be trending down. However, the new price levels plus favorable weather may give production a boost in 1975.

Outturns this year of the four major cereals probably will be only about one-third of 1972 levels, the latest recent "normal" year. If corn is removed from the list, the figure for the three most important would be only 25 percent. The final outcome will depend on the rain received through May. Also, the possibilities of disease and hot weather at harvesttime are threats that may affect crop projections.

Imports of cereals in 1974-75 are relatively high at almost 1 million tons, and although there could be a new purchase before July, the country's cereal needs now appear to be covered.

Cereal imports during the period July 1, 1975-June 30, 1976, probably will total about 2 million tons of wheat, 35,000 tons of wheat flour (donations), and 230,000 tons of barley.

Though the United States should continue to be the biggest supplier of wheat, the country of origin on official lists will tend to show more "any origin" wheat than is otherwise normal.

Imports toward the end of the mar keting year may pick up or slacken i accordance with prospects for the 197 crop as determined by the rains tha should begin in October-Novembe 1975.

Theoretically, Morocco's seaports ca handle about 2.9 million tons of grair but practically the total would be muc less. Only Casablanca and Safi hav automated handling facilities and silos Agadir handles heavy citrus shipment and the other ports can accommodat only small ships. Grain must be bagge for handling at all ports.

Another limiting factor is the rela tively small storage capacity of th grain silos at Casablanca (70,000 tons and at Safi (24,000 tons). Both installa tions discharge wheat at a slightly slowe rate than they take it in.

Still another potential problem is th movement of grain to the interior c the country. The supply of trucks an railway cars for grain shipment is le than adequate, and when the citrus cro is moving to market the situation wi be further complicated.

Morocco's flour mills have been bus for the past 2 years milling both flou to supply those whose crops have bee below normal as well as the continuall growing urban population. Wheat con sumption has been about 100,000 tor per month.

Morocco will continue to be a b market for wheat in 1975. Because th commodity is a basic need in the cour try's diet, the Government will go a out to meet this demand—a move th could, however, result in some disru tion of port activity.

Most people will be adequately fe although perhaps not as well as in oth years. Conceivably, the present situatic could inspire agricultural programs th would be better able to cope with a verse weather such as has been exper enced in recent months. Such progran could include a supply of different va eties to meet whatever weather situatic might arise, better storage facilitie more flexible port facilities, better pric for farmers, and perhaps increased d velopment and use of irrigated land f cereal production.

Late rains that discouraged sor cereal producers from planting may r sult in increased areas in sunflowers a other oilseeds. Such a shift was expect in 1974, but there reportedly was lit

*Moroccan farmers observe response to fertilizer at wheat demonstration. Because of an anticipated shortfall in the current wheat crop, Morocco is expected to import about 2 million tons of wheat during July 1974 to June 1975.*

if any increased oilseeds acreage.

Guaranteed prices are up this year, but this move in itself probably did not result in significant acreage increases. The 1975 oilseed crops for which guaranteed prices are offered are soybeans, rapeseed, and safflower seed.

Probable sunflower acreage is estimated by one source at about 100,000 acres this year, down somewhat from the Government's stated goal of about 186,000 acres. Cotton acreage (the crop harvested in October-November 1974) was down from the 1973 level, but higher yields will result in an only slightly reduced cottonseed output of about 11,300 tons.

Although the Government gives some priority to oilseed production, that policy has not been strikingly successful. Production of oil from domestic oilseeds appears to be trending down, although the new price levels plus weather conditions may give production a boost in 1975.

IMPORTS IN 1974 were somewhat higher than had been foreseen, reaching a total of more than 113,300 tons of oil plus some quantities of soybeans and rapeseed for the single local crusher.

Rapeseed and rapeseed oil imports in the first 11 months of 1974 totaled 42,800 tons, although soybean oil is still the leader with 59,700 tons imported in the same period. Spain was the leading supplier of soy oil (23,400 tons), followed by the United States (17,000). The rapeseed oil was supplied largely by West Germany (25,900 tons).

Given the high stock level of January 1 and a probable drop in per capita consumption during 1975, it is probably that oil imports will be down this year compared with the 1974 level.

Olive oil exports are running slightly behind 1973 shipments, with 19,700 tons shipped through November. Italy continues to be by far the leading destination.

Retail prices of vegetable oils have remained steady, and consumption has held up. There was, however, some hoarding that kept some vegetable oils off the market, a move that probably temporarily reduced consumption.

Because of the anticipated poor cereals harvest in the summer of 1975, some incomes will be down and so will consumption of vegetable oils.

—Based on reports from *U.S. Agricultural Attaché, Rabat*

# Nigeria's Cotton Crop Below Hopes; Imports Required To Meet Mill Needs

Nigeria's 1974-75 cotton crop is estimated at 210,000 bales (480 lb net), well below earlier expectations. This quantity will not be sufficient for local mill needs, however, so imported cotton will be required during the second half of 1975.

The drought-stricken 1973-74 crop of 142,000 bales also was insufficient to meet local mill needs through the next crop season. It is estimated that Nigeria has imported some 52,000 bales of cotton since August 1974—more than half of it from the United States.

Producer prices for cotton were increased 50 percent in the spring of 1974. Rains were timely, and with reports of increased acreages and enhanced yields, the cotton trade was enthusiastic about the size of the coming crop.

In October, the consensus was that a crop of at least 400,000 bales was forthcoming, but toward the latter part of November it became apparent that yields were not up to expectations and that there actually had been little increase in acreage. Accordingly, production estimates were revised downward to 250,000 bales.

A final production figure is not expected until June. But ginnings to date suggest a crop of around 210,000 bales, compared with the 1973-74 crop of 142,000.

Boll worm damage this year has been greater than usual in some areas. Also, the *harmattan*—the dry, dusty winds of the Sahara—was strong and reportedly has affected yields somewhat. Very little insecticide or fertilizer was used on this year's crop, which has been the situation in the past.

World cotton prices in early 1973 were temptingly high, and Nigerian stocks appeared adequate, given a normal crop in the ensuing season. Export commitments were made, and some 8,000 bales were exported during the early months of the 1973-74 season.

Drought made the 1973-74 season a poor one, however, and Nigeria had to import about 12,000 bales during the latter part of the 1973-74 marketing year to keep the mills operating.

There were no Nigerian Produce Marketing Company (NPMC) stocks at the end of the 1973-74 season, and cotton from the 1974-75 crop did not become available for mill use until January. Thus, during the first 5 months of the 1974-75 season (August-December), Nigerian mills depended upon imported cotton.

The provisional total import figure for calendar 1974 is 64,000 bales, valued at $25.2 million. A total of 12,000 bales, valued at $4.2 million, were imported during January-July, and 52,000 bales, valued at $20.9 million, were imported during August-December 1974. Most of this cotton had a fiber length of about 1-1/16 inches. U.S. trade data for August-December show cotton exports to Nigeria at 27,000 bales, valued at $7.6 million.

Nigeria's textile exports during January-October 1974 consisted mainly of about 1.4 million square meters of gray baft, valued at about $810,000, which went mostly to Hong Kong and the United Kingdom.

Cotton mills have placed their 1975 requirements at 370,000 bales. To consume this quantity, all mills would have to operate at full capacity for the entire year. The FAS estimate for total mill consumption in 1973-74 was 220,000 bales, and for about 260,000 bales in 1974-75.

Spraying cotton in Nigeria. Damage caused by boll worms this year has been greater than usual in some areas.

# A LOOK AT ECONOMIC CONDITIONS IN KEY U.S. FARM MARKETS, PART 2

## United Kingdom, France, Italy, and South Korea

By O. HALBERT GOOLSBY
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WHILE WORLDWIDE economic problems so far have not impeded U.S. agricultural exports, they remain a crucial question regarding future expansion in a trade that already has tripled in the past 5 years. This uncertainty is especially strong concerning markets like the United Kingdom, France, Italy, and South Korea which are suffering both from large balance-of-payments deficits and from economic dislocations caused by inflation and slow or negative economic growth.

In these markets, foreign exchange reserves are fairly adequate, and a number of financial arrangements have been—or will be—instituted to handle emergencies.

However, all these countries are in the midst of economic slowdowns, with attendant problems of rising unemployment, increasing bankruptcies, declining industrial production, and mounting inventories. And as major exporting nations, they are vulnerable to declines in import demand from other nations handicapped by similar economic problems and foreign exchange deficits.

Part of the economic slowdown has been caused by tight fiscal and monetary policies instituted to slow rapid rates of inflation. World inflation now appears to be slowing and more expansive policies could be undertaken later this year. Even after such policies are implemented there will be some lag before economic expansion takes place.

**United Kingdom.** U.S. farm exports to this market recorded an unimpressive 6 percent gain to $655 million in 1974, with the British economic slump cutting heavily into import volume. And further market weakness is seen for 1975, as the nation grapples with both a huge foreign trade deficit and a weakened domestic economy.

Last year, the United Kingdom's international monetary reserves rose 6 percent, while the value of the pound against the dollar ended the year virtually unchanged from the value at the year's beginning following some fluctuations throughout the year. However, massive support operations by the Bank of England in December were necessary, and, in fact, the United Kingdom lost more than $1 billion in foreign exchange that month. The support move was necessary after the decision by Saudi Arabia not to accept further oil payments in sterling.

The British have also borrowed heavily in the short- and medium-term markets.

Internally, the country has not yet come to terms with either inflation or recession. In fact, inflation has been accelerating, and by mid-January 1975, the consumer price index was 19.9 percent above its level a year before, while wholesale prices soared 28 percent. A slowing down in 1975 of the increase in import prices should relieve some of these inflationary pressures.

THE LACK of economic growth also became a focal point in 1974. The housing industry last year was in a severe slump; industrial production fell by 1.7 percent; inventories of steel were at record levels; and private consumption was practically unchanged from 1972. These developments, pushed the number of jobless to 650,000 by November 1974—up nearly 14 percen[t] from the first of the year. No officia[l] count was made in December an[d] January, but in mid-March unemploy[-] ment stood at over 800,000, or abou[t] 3.5 percent of the labor force—th[e] highest level in 2 years.

And conditions could get still worse according to recent reports. The U.K. Department of Industry, for instance, announced in January 1975 that manufacturing investment can be expecte[d] to fall by 7-10 percent in 1975 an[d] contract even further in 1976. Th[e] OECD foresees some growth in demand and activity up to mid-1975—largely the result of expansionary measures by the Government in July an[d] November—but then a leveling off. Other analysts anticipate a continue[d] lack of business confidence in 197[5] and a further drop in private and manufacturing investment.

One reason for the pessimistic outlook is the worsening shortage of cas[h] in corporate treasuries. Demand, however, will be aided by accelerated Government spending and by an increas[e] in food subsidies.

**France.** In France, the economic picture is mixed, with some late-197[4] strengthening in the French franc, bu[t] continuing weakness in the domesti[c] economy. So far, the problems do no[t] seem severe enough to curtail U.S. farm exports to France, which last yea[r] reached $492 million for a 26 percen[t] gain from 1973. However, since exports of goods and services account fo[r] nearly a fifth of France's GNP, th[e] country is somewhat vulnerable to an[y] weakening in world demand, which i[n] turn affects its capacity to import.

LARGE OIL imports have made thei[r] mark on France's trade ledger, con[-] tributing to a current account defici[t] of around $5-7 billion in 1974, com[-] pared with only about $200 million i[n] 1973. The high oil prices also hav[e] sparked energy conservation measure[s] which led to a 6.3 percent drop in con[-] sumption of oil products in 1974 an[d] compared with a 11.6 percent gain i[n] 1973.

The Government also has announce[d] its intentions to hold oil imports a[t] $11 billion in 1975. Toward this en[d] the Government upped the prices o[f] fuel and other forms of energy o[n] January 1, 1975. It also has bee[n] attempting to expand exports to Easter[n]

This is the second of two articles on economic conditions in major U.S. farm markets. The first, in the April 21 issue, examined the economies of Japan, West Germany, Canada, and the Netherlands.

Europe and oil-producing nations to help offset the added cost of imports. One outcome of such efforts was an agreement, concluded late last year, between Iran and France under which Iran will receive aid in its economic development, and France will receive balance of payments assistance.

On the positive side, last year saw a strengthening of the French franc against the dollar—and at times even against the German mark. Between July 1973 and January 1974, by contrast, the value of the franc in terms of dollars had plunged nearly 20 percent. Also, despite the huge 1974 trade deficit, France's reserve position improved considerably from 1973, when in the last quarter France lost nearly a fourth of its international monetary reserves. In 1974, by contrast, reserves were maintained at $8-$9 billion.

THIS IMPROVED position—in the face of a large current account deficit—implies a strong capital inflow. About $300 million of the inflow came from Iran, under an agreement whereby it will prepay for imports from France. However, much of the money has come from short-term borrowing. Since there is a limit on the amount of short-term borrowing that is feasible, France probably will be under balance of payments pressures to continue a tight demand management policy.

During 1974, this policy still permitted a growth in GNP of about 4.75 percent—slow by France's historical standards but high relative to that for other countries.

Expectations are that growth in 1975 will be a little slower. A November survey of investment intentions indicates that capital expenditures by industry may increase 13 percent in 1975 in value and 3-4 percent in volume. However, December and January surveys show that liquidity of industrial firms deteriorated sharply in the second half of 1974. This will dampen investments in 1975, especially since many firms were not able to obtain much, if any, funds from banks.

French consumer prices in 1974 rose about 15 percent, reflecting substantially higher prices for oil and other raw materials and wage-cost pressures. Some improvement on the price front can be expected in 1975 if present policies are followed, especially in light of recent easing of production bottlenecks in industry.

Rising unemployment presents yet another problem and may challenge present monetary and fiscal policies. In fact, by January 1975, the Government had already altered its policy course to include financial aids for the depressed building industry.

**Italy.** Despite its grave economic and foreign trade problems, Italy last year boosted takings of U.S. farm exports 14 percent to $767 million. However, higher prices accounted for the bulk of the expansion, and there appears little room for growth in 1975.

Like the United Kingdom and France, Italy relied heavily on short-term borrowing last year to maintain its foreign reserve position, which at year's end was nearly 8 percent above the January 1, 1974, level. The borrowing included about $800 million from the International Monetary Fund (IMF) under its oil facility, nearly $1.2 billion under the normal credit facilities of the IMF, a $2 billion credit from West Germany, and $2.2 billion from the Euro-currency market. As a result, however, the country's Central Bank and commercial banks increased their foreign liabilities severalfold, impeding future chances for Italy to borrow in the private market.

Moreover, the value of the lira in terms of U.S. dollars dropped about 6 percent in 1974. (However, in the first 3 months of 1975 this loss was erased.)

Part of the balance of payments problems, of course, comes from higher priced oil imports, but part also comes from the rampant inflation that has been with Italy for some time now. To correct the problems caused by inflation, Italy in 1974 enacted a number of restrictive measures, including limits on the amount of money that could be taken abroad by tourists; an import deposit scheme, which in effect raised the price of imports by about 3-4 percent; and various fiscal austerity measures. Even then, consumer prices rose about 19 percent, in contrast to a 9 percent drop in industrial production.

One government agency (the Planning Commission) forecast in February 1975 that national income and private consumption in 1975 will decline 2.5 percent below that for 1974 and that investments may decline 10 percent.

Indicative of the problems was the recent cutback in one automobile manufacturer's production—by a reported 100,000 vehicles in February and March—and a 60 percent decline in domestic orders in the equipment goods industry, which employs 250,000 people.

On the positive side, consumption of oil products declined by 2.4 percent in 1974, with gasoline consumption down 7.5 percent but fuel consumption up 1 percent. GNP rose 3.6 percent in 1974, and consumption 4.9 percent. Also, at the end of 1974, Italy's Prime Minister reported that Italy had reached a balance in its international transactions, and there were early signs that severe inflationary pressures were diminishing.

**South Korea.** Recently one of the strongest U.S. farm markets, South Korea last year took $743 million worth of U.S. agricultural exports, compared with $635 million in 1973. But since it is up against many of the economic problems facing the developed countries, Korea may not be so viable a market in 1975.

A major constraint in Korea is the total absence of known oil reserves, plus a dearth of bituminous coal—in contrast to a large quantity of poor quality anthracite coal. Oil accounts for about 55 percent of total energy requirements, and coal about 30 percent, with the majority of this imported.

Through the first part of last year, the country was able to reduce domestic use of oil about 5 percent. But there is no room for substantial reduction, without dampening industrial production, since the low per capita income still restricts driving of automobiles for pleasure—and other nonessential uses of oil. To alleviate the problem somewhat, Korea borrowed about $109 million under the IMF's oil facility in 1974 and about $12 million through mid-March of this year.

ANOTHER PROBLEM is Korea's close trade ties with the United States and Japan—with 70 percent of its exports going to these countries. Economic difficulties in these two markets already were being felt in the second half of 1974, as Korean economic activity slowed markedly and unemployment headed upward. And a slowdown in demand for Korean exports such as textiles and plywood had resulted in a sizable accumulation of inventories.

At the same time, inflation in Korea was increasing at a much faster rate than in its two primary markets, with wholesale prices spurting 45 percent and consumer prices climbing 27 percent.

Continued on page 16

# Poland Reports Food Shortages Despite Good Overall Farm Year

DESPITE EARLIER reports of favorable farm results in 1974, Poland now faces a shortage of basic foods—vegetables, fruits, meat, dairy products, and sugar.

In a major speech on March 6, Polish Prime Minister Piotr Jaroszewicz revealed that in 1974 the country's vegetable output was nearly 14 percent below last year's, while fruit output was down by 6 percent.

Because of lower sugar production. he continued, sugar exports were almost completely halted. A shortfall in potato output was compounded by larger-than-usual storage losses. The feed value of hay and silage was 30 percent less than that of last year.

The feed shortage has retarded livestock raising, Jaroszewicz warned, and consequently reduced Government purchases of meat and milk, and the market supply of these products. Although per capita meat consumption increased by 3.3 kilograms in the previous 12 months, he noted, demand was still not satisfied. (As of February 1975, the meat supply was above that of February 1974, but below the November-December 1974 level.) The shortages have caused prices to increase on free markets, but not in State stores.

The Prime Minister promised to try to remedy the shortcomings and asked milk producers to limit their own consumption and increase deliveries to the cities. He was apologetic that the fat content of marketed milk had to be lowered and cheese production reduced in order to insure adequate butter supplies.

The Polish food shortages cropped up after a seemingly successful agricultural year. Gross agricultural production in 1974 rose 2 percent over that of 1973. Livestock numbers and production reached an alltime high, although growth rates slowed somewhat, compared with those of 1971-73. During the past 4 years, the cattle inventory has gained 25 percent and the hog inventory 57 percent. Beef production in 1974 increased by 18 percent and pork, 7 percent.

Results were less satisfactory in the crop sector. While grain output advanced by 1 million tons, oilseeds production remained at last year's low level. Outturns of potatoes, sugarbeets, forage, vegetables, and fruit all declined.

Consumer expectations were raised in recent months by the confident speeches of high authorities. In November, the Polish Prime Minister reported, "This year farm results are positive in every respect despite unfavorable weather."

Early in February, Party Secretary Edward Gierek said, "The efforts of the past 4 years evoke satisfaction and success in overcoming many difficulties. Incomes grew rapidly, price and market stability was maintained." He also noted that per capita meat consumption had increased by 29 pounds in the past 4 years and promised an additional gain of 4.4 pounds during 1975.

The following factors help to explain the difficulties in the Polish meat supply.

- A considerable increase in per capita disposable income has generated excessive demand for meat sold at controlled prices in State stores.
- In Poland, about two-thirds of the total feed supply consists of nonconcentrates. A decline in potato and forage output caused excessive slaughter at the end of 1974, and consequently, a reduction in marketable slaughter animals by February.

Farmers' decisions to slaughter heavily last fall were reinforced by the Government's warning to producers not to carry more livestock than they could provide with feed from their own farms.

- In addition to the shortages of nonconcentrates, concentrated feed supplied by the Government to livestock producers declined from 3 million tons in July-December 1973 to 2.4 million tons during July-December 1974.

The excessive demand for meat will not be suppressed by price increases. Instead, the Government has stepped up feed imports and will reduce meat exports.

—By THOMAS A. VANKAI, *ERS*

*Poles buy fresh vegetables, fruits, and other food items at a typical outdoor market in Warsaw, where foods are marketed directly to consumers by farmers who bring their produce into the Warsaw area daily.*

# CROPS AND MARKETS

## OILSEEDS AND PRODUCTS

### Malaysian Palm Industry Flourishing

Production and trade of palm and palm kernel oil in both West and East Malaysia have shown significant advances in the past year.

West Malaysia's production of palm oil in 1974 totaled 931,700 metric tons, up 26 percent from the 739,500 of 1973. Output of palm kernels reached 192,100 tons versus 154,700 in 1973, a gain of 24 percent. Increased production of both palm oil and palm kernels in 1974 had been anticipated because of the additional acreage of oil palms that reached maturity during the year.

Palm oil exports, 812,700 tons in 1974, were 12 percent higher than the 724,000 shipped the previous year. Principal destinations of Malaysian palm oil (in 1,000 metric tons) were: Singapore, 252 (mostly for re-export); Netherlands, 123; United States, 108; United Kingdom, 83; Iraq, 77; Japan, 54; and others, 116. There were no exports of palm kernels in 1973 or 1974.

Exports of palm kernel oil reached 92,300 tons in 1974 and were 39 percent higher than the 1973 exports of 66,500. Recipients of palm kernel oil (in 1,000 metric tons) were: United States, 42; United Kingdom, 21; Netherlands, 12; Canada, 5; Singapore, 4; and others, 8.

East Malaysia's exports of palm oil also increased in 1974. Sabah exported 87,900 tons of palm oil, compared with 72,900 in 1973. Sarawak's first shipment of palm oil, in November 1974, totaled 523 tons.

### Brazil Offering Tax Break On Soybean Oil Exports

The Brazilian Government has begun to grant tax credits to stimulate exports of soybean oil, according to trade sources in Rio de Janerio. The tax credits are in essence an export subsidy.

A credit of 8 percent on the Circulation of Goods Tax (sales tax) and a credit of 8 percent on the Industrialized Products Tax will be granted for all soybean oil shipments before May 31. The credits will drop to 6 percent on both taxes for shipments between June 1 and July 31.

## GRAINS, FEEDS, PULSES, AND SEEDS

### EC Lifts Embargo On Durum Exports

The European Community Commission on April 9 lifted the embargoes on EC exports of Durum, Durum flour, groats, and meal of Italian origin, and of macaroni, spaghetti, and similar products of Italian origin. These embargoes had been in effect since August-September, 1973.

The EC decision to lift the embargoes was based on a return to "normal conditions" on the world market. Prices for Durum on the world market are currently below EC threshold prices, and levies are being imposed on EC imports.

### Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

| Item | April 22 | Change from previous week | A year ago |
|---|---|---|---|
| | *Dol. per bu.* | *Cents per bu.* | *Dol. per bu.* |
| Wheat: | | | |
| Canadian No. 1 CWRS-13.5 | 5.30 | 0 | 5.78 |
| USSR SKS-14 | (1) | (1) | (1) |
| French Milling [2] | (1) | (1) | (1) |
| U.S. No. 2 Dark Northern Spring: | | | |
| 14 percent | 4.80 | −12 | 4.97 |
| U.S. No. 2 Hard Winter: | | | |
| 13.5 percent | 4.32 | −47 | 5.11 |
| No. 3 Hard Amber Durum | 7.02 | −9 | 6.80 |
| Argentine | (1) | (1) | (1) |
| U.S. No. 2 Soft Red Winter | (1) | (1) | (1) |
| Feedgrains: | | | |
| U.S. No. 3 Yellow corn | 3.15 | −3 | 3.24 |
| French Maize [2] | 3.18 | +6 | (1) |
| Argentine Plate corn | 3.85 | −6 | 3.63 |
| U.S. No. 2 sorghum | 3.10 | +5 | 3.13 |
| Argentine-Granifero sorghum | 3.08 | +4 | 3.11 |
| U.S. No. 3 Feed barley | 2.59 | −13 | 2.59 |
| Soybeans: | | | |
| U.S. No. 2 Yellow | 6.31 | −2 | 6.50 |
| EC import levies: | | | |
| Wheat | 1.34 | +10 | 0 |
| Corn | .99 | +29 | .06 |
| Sorghum | 1.06 | +6 | .28 |

[1] Not quoted. [2] Basis c.i.f. west coast, England.
NOTE: Price basis 30- to 60-day delivery.

### P.L. 480 Actions on Wheat, Rice for April 2-16

An amendment to a previous Title I agreement with Bangladesh under the P.L. 480 program has added 100,000 metric tons of rice valued at $40.2 million to the current fiscal year program, ending June 30. Purchase authorizations issued during the period April 2-16 increased total wheat authorizations by 518,000 tons, valued at $76.5 million.

The amendment to the rice agreement with Bangladesh was signed April 11. Total volume of rice in the Bangladesh agreement now stands at 300,000 tons, valued at $124.7 million.

Purchase authorizations for wheat were issued to (in thousand metric tons): Chile, 113, worth $16.7 million; India, 390, worth $57.6 million; and Haiti, 15, worth $2.2 million.

Agreements for wheat in the P.L. 480 program to date remain at 3 million metric tons valued at $510 million. Purchase authorizations have been issued for 2,632,000 metric

tons of wheat, valued at $429.1 million.

Agreements for rice to date now provide for 675,300 metric tons, valued at $276.2 million. Purchase authorizations for rice remain at 623,000 metric tons, valued at $240.1 million.

## Soviet Grains Faring Well, But Low Rainfall Causes Concern

Although USSR winter grains appear good to excellent and spring sowing is far ahead of schedule, Soviet officials are increasingly concerned about below-normal precipitation in some of the most important grain regions. Thus far, the limited soil moisture has probably not had an unfavorable impact on this year's crop. But if the hot, dry, windy weather of early April prevails throughout the month, Soviet 1975 grain prospects could be adversely affected.

The country emerged from fall and winter with significantly less moisture than in previous years. From September 1-March 31, precipitation in major agricultural regions totaled 10-20 percent below average, compared with 1973-74 when precipitation in most areas was 25-50 percent above normal. Inadequate moisture supplies were further reduced by unusually warm fall and winter weather, which resulted in high evaporation. Though some grains, particularly in the Southern Ukraine, may soon be hampered by these conditions, the unusual winter did not result in above-normal winterkill.

The dry, early spring has spurred field work. By April 14, the area sown to spring crops had reached 75.6 million acres, 50 percent ahead of rates in recent years. The area sown to grains and pulses, 48.2 million acres, was almost two-thirds more than is normally seeded by mid-April. But, with early April temperatures in European USSR 20° F above normal and frequent winds of 25-35 miles per hour, conditions for field work in some areas are beginning to deteriorate as the top layer of soil becomes too dry.

# FRUIT, NUTS, AND VEGETABLES

## Spanish Table Olive Harvest Revised Upward

The 1974 Spanish table olive crop estimate has been revised upward to 90,000 metric tons, about 29 percent above the November 1974 estimate of 70,000 tons, but 31 percent below the preceding year's estimate of 130,000 tons.

Trade sources appear to agree with this upward revision, indicating that the drought took a smaller toll on the 1974 olive crop than was anticipated last fall. These same sources currently estimate the 1974 crop of exportable quality table olives at 55,000 tons, down 50 percent from the previous year's output.

Spanish table olive exports in the first quarter of 1974-75 (marketing year beginning December 1) totaled 21,600 tons, compared with 21,370 tons in the same period of 1973-74. Despite countervailing duty action taken by the United States last October, exports to the United States in the quarter amounted to 12,150 tons, about 6 percent above sales in the first quarter of 1973-74.

Total exports for 1974-75 are forecast at 69,000 tons compared with 80,000 tons during 1973-74. Trade sources indicate that current export prices, depending on types, are 20-40 percent above those of a year earlier. Besides the United States, principal outlets for Spanish table olives include France, Italy, and Brazil.

With Spanish domestic consumption expected to reach the same level as the year before, about 43,000 tons, the 1974-75 carry-in stocks, now estimated at 24,000 tons are expected to reach a record low at the end of the current season.

## High Winds Damage Portuguese Almond Crop

Very cold strong winds in the latter half of February caused widespread damage to almond trees in the Algarve region of Portugal. The salt-laden, gale-force winds hit the Algarvian coast during exceptionally high spring tides burning burgeoning buds on almond trees along the coast and inland.

The extent of the damage has not yet been determined but a reliable trade source says that as many as 50 percent of the trees in some areas will not produce almonds this year. An official assessment of the damage is expected shortly.

Portugal accounts for 2 percent of the world's almond production.

## Manitoba Producers Board Wins Marketing Powers

The Canadian Federal Government has granted the Manitoba Vegetable Producers Marketing Board the authority to control the inter-Provincial and export trade of fresh potatoes, carrots, onions, parsnips, and turnips. The authority to control imports is not included in these new powers granted to the Board, though it may be possible for the Board to affect the resale and distribution of imported vegetables.

The Board was authorized under the National Products Marketing Act to exercise control over all aspects of transportion, storage, packaging, marketing, and price setting but, until this new legislation, could not exercise its authority beyond the boundaries of the Province.

## Turkey's Walnut Crop Estimate Up

The 1974 Turkish walnut production estimate has been revised upward to 12,000 metric tons, an increase of 9 percent over an estimate made in November 1974.

Walnut exports during the 1973-74 marketing year (September-August) amounted to 1,700 tons of shelled and 551 tons of unshelled nuts. This compares with 2,700 tons of shelled and 940 tons of unshelled nuts the year before. From the beginning of the marketing year through December 1974 exports totaled 555 tons shelled and 46 tons unshelled. Similar figures for the previous year were 905 tons and 244 tons respectively.

Since there is no organized marketing system and Turkish walnut production is not concentrated in a specific region, no reliable data exist on stocks.

## Potato Processing Expands in Australia

McCain Foods, of New Brunswick, Canada, through its subsidiary, McCain (Australia), Pty. Ltd., is planning to establish a 224,000 square-foot food processing plant at Ballarat, Victoria.

The new facility is to be located on a 22-acre site, and is expected to be the largest food processing plant in Australia. Part of the plant is expected to be operational in May. Th

ıtire project is expected to cost about A$10 million over ıe next 5 years.

The company now operates a small plant at Daylesford ıat produces a small volume of frozen french fries. The new lant will process frozen and dehydrated potato products as ell as a number of other convenience foods not now available in Australia.

With the development of the new plant, the Australian import market for U.S. potato products, which showed surprising rowth in 1974, should shrink over the next few years.

## 'ugoslav Hops Down

Hop production in Yugoslavia during 1974 is estimated at ,000 metric tons, about 400 tons less than 1973's.

Yugoslav exports of hops for the current marketing year re estimated at 4,000 metric tons, compared with 4,286 tons xported in 1973-74. The anticipated reduction in 1974-75 xports is a direct result of the reduced 1974 harvest. The ıajor purchasers of Yugoslav hops continue to be the United tates, Western Europe, and Japan. Yugloslav import needs ır the 1974-75 year are forecast at 500 tons, about twice nports last year.

Total consumption of hops by Yugoslav breweries during 974-75 is estimated at 1,750 tons, compared with 1,850 the ear before. The reduced consumption of hops results from naller beer production anticipated during the current year.

# SUGAR AND TROPICAL PRODUCTS

## ligeria's Cocoa Exports Off Slightly

Based on provisional data, Nigeria's 1974 exports of cocoa eans totaled 197,000 metric tons, off 7.5 percent from 1973 ıipments of 213,897. However, because of record high world ocoa prices, the value of 1974 exports amounted to $231 illion, up 32 percent from 1973 exports valued at $171 illion.

Exports of cocoa butter totaled 10,700 tons valued at $30 illion, compared with 1973 shipments of 11,116 tons valued $23 million. Exports of cocoa cake-powder amounted to 5,300 tons value at $10 million, compared with 1973 exports 15,867 tons valued at $8.5 million.

During 1974, U.S. imports of cocoa beans and products om Nigeria totaled $36.9 million, compared with 1973 ıports of $41.9 million.

## amaica Closes Jute Mill

The Jamaican Government has decided to close the jute mill Old Harbour because of its deteriorating finanical situation. he mill has been operated by Jamaica Jute Industries Limed, a wholly-owned subsidiary of the Jamaica Industrial evelopment Corporation.

The mill has been manufacturing jute cloth which is used ıiefly as backing for carpets. Some 80 percent of this product exported to the United States.

Despite all efforts to increase efficiency and to streamline erations the mill has not shown a profit. According to the linister of Industry, one disadvantage of the jute mill was obably its dependence on raw materials from distant sources.

Within a year, the price of jute has increased from $440 per ng ton to $755. The landed cost of the raw material at the mill is 83 cents per linear yard, and the average cost of a yard of finished product is $1.82, compared with an export price of 80 cents per yard and $1.32 for that sold locally.

# COTTON

## Foreign Cotton Consumption Decline Expected

Foreign cotton consumption in 1974-75 is forecast to decline to 52.4 millon bales—3 percent below 1973-74 consumption of 53.8 million. This is the sharpest drop in 14 years.

A cyclical downturn in textile demand in 1974 and 1975, strongly reinforced by worldwide inflation and recession, has cut foreign consumption of raw cotton and other fibers.

The expected decline of 1.4 million bales follows an increase of 2.4 million in 1973-74. In recent years, foreign consumption has expanded well over 1 million bales per annum, on the average. All of the foreign decline this season is occurring in non-Communist countries while a modest increase is expected in the Communist areas.

# DAIRY AND POULTRY

## U.S. Increases Cheese Import Pricebreak

The U.S. Department of Agriculture announced on April 9 a 2-cent increase in the pricebreak that controls the quota status of imports of Emmenthaler cheese, Gruyere-process cheese, and the miscellaneous tariff category of "other" cheese. The pricebreak increased from 84 cents to 86 cents per pound, f.o.b. country of origin.

The change results from an increase in the Commodity Credit Corporation's purchase price for Cheddar cheese, effective April 1, from 77.25 cents per pound to 79.25 cents.

# LIVESTOCK AND PRODUCTS

## Japan Raises Ceiling And Floor Prices for Pork

The Japanese Ministry of Agriculture and Fisheries has raised the ceiling and floor prices for pork for the current Japanese fiscal year (April 1, 1975-March 31, 1976).

The new floor price for wholesale top grade pork carcasses is 87 cents per pound and the new ceiling is $1.06 per pound. The new price structure represents a 9.7 percent increase over the ceiling and floor prices announced at the beginning of the 1974 Japanese fiscal year.

In conjunction with the announcement, the duty waiver that had been in effect during March was not reimplemented.

### Other Foreign Agriculture Publications

- U.S. Trade In Livestock and Livestock Products in January (FLM/MT 3-75)
- U.S. Trade in Essential Oils Up In 1974 (FTEA 1-75)

Single copies may be obtained free from the Foreign Agricultural Service, USDA, Washington, D.C. 20250, Rm. 5918-S., Telephone: 202-447-7937

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## FRENCH CORN PRICES EXPECTED TO DROP FURTHER

With French corn presently underselling U.S. yellow corn by about $3.45 per metric ton (c.i.f. Rotterdam basis), Dutch feed compounders are expecting further price decreases for the June-August period.

This expectation of decreases is based mainly on the fact that a sizable amount of storage capacity is tied up in wheat stocks, while more than 2 million tons of French corn still has to be sold. Consequently, lack of storage space might force French co-ops to sell corn at lower prices before the new barley and wheat crops are harested.

According to trade sources, the French grain cooperatives are offering new-crop French corn for November 1975-July 1976 positions at flat rates of $7.25 per metric ton below the threshold prices (c.i.f. Rotterdam) for those months.

## U.S. Meat Imports

*Continued from page 5*

the month because domestic prices exceeded preset ceilings. On April 1, these prices were reviewed and the ceiling increased. The new ceiling price is above the domestic price, causing the duty waiver to be suspended. The duty waiver, which is discretionary, may occur only when domestic prices exceed the ceiling.

In the world's major beef exporting areas—Oceania and Latin America—beef production is expected to increase 14 percent in 1975. Some of these bigger supplies will be consumed locally, but the remainder will face real marketing challenges. As in 1974, new or at least untraditional markets are expected to help relieve some of the potentially burdensome world beef surplus. Among these are the USSR, Israel, Chile, Lebanon, South Africa, Switzerland, Iran, and Kuwait.

The Soviet Union is expected to continue to purchase meat from the West in 1975. A rumored 1974 Australian sale of 40,000 metric tons of beef to the Soviet Union was finally completed in February 1975, to be delivered between March and October of this year.

## Economic Conditions Abroa

*Continued from page 11*

This forced the country to devalue th won in December 1974 from 399 t 480 won per U.S. dollar.

The devaluation will help Korea in it export effort but will also increase th cost of imports and make the figl against inflation all the more difficul For example, U.S. farm goods, in term of won, will rise by 20 percent—a other factors being constant.

Three factors give encouragement Korea's future. First its internation monetary reserves are fairly high—ar stable—at over $1 billion. Second, a economic upturn in the United Stat in the latter part of this year or ne could lift Korean exports; for exampl a significant increase in housing star in the United States in 1975 could gi an added boost to Korean plywood e ports. And third, the shipbuilding indu try has significant orders for supertan ers and freighters, some of these order by oil-producing countries.

Additionally, exports to the Mid-ea increased sharply in 1974, and constru tion contracts won by South Kore firms in Saudi Arabia will add to t foreign exchange inflow.



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